



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

NOV -7 2011

Edward J. Lynch
Lynch for Congress

West Palm Beach, FL 33411

RE: MUR 6498
Edward J. Lynch
Lynch for Congress and Edward J. Lynch, in
his official capacity as treasurer

Dear Mr. Lynch:

On November 1, 2011, the Federal Election Commission ("Commission") certified a vote finding that there is reason to believe that you knowingly and willfully violated 2 U.S.C. § 439a(b), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Commission also found that Lynch for Congress ("Committee") and you, in your official capacity as treasurer, knowingly and willfully violated 2 U.S.C. §§ 434(b) and 439a(b). These findings were based on information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter.

Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.


Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Ana Peña-Wallace, the attorney assigned to this matter, at (202) 694-1650.

On behalf of the Commission,


Cynthia L. Bauerly
Chair

Enclosures
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**
2 **FACTUAL AND LEGAL ANALYSIS**

3 **RESPONDENTS:** Edward J. Lynch **MUR: 6498**
4 Lynch for Congress and Edward J. Lynch,
5 in his official capacity as treasurer
6

7 **I. INTRODUCTION**

8 This matter was generated based on information ascertained by the Federal Election
9 Commission ("the Commission") in the normal course of carrying out its supervisory
10 responsibilities. See 2 U.S.C. § 437g(a)(2). Lynch for Congress is the principal campaign
11 committee for Edward J. Lynch, who was a candidate for Florida's 19th Congressional District in
12 2008 and again in the 2010 Special Election. The Reports Analysis Division ("RAD") referred
13 Lynch for Congress and Edward J. Lynch, in his official capacity as treasurer, ("Committee") for
14 enforcement action based on apparent reporting discrepancies and the improper use of campaign
15 funds that took place from 2008 through 2010. The referral states that the Committee filed
16 inaccurate reports with the Commission when it submitted reports containing cash on hand
17 discrepancies up to \$81,000. In addition, according to the referral materials, certain candidate
18 loans and Committee disbursements may have been misreported. Finally, the referral identifies
19 the candidate's apparent personal use of Committee funds.

20 Pursuant to the Commission's *Agency Procedure for Notice to Respondents in Non-*
21 *Complaint Generated Matters*, dated August 4, 2009, the Commission notified the Committee of
22 the referral by sending the Committee a copy of the referral, including Committee bank
23 statements in RAD's possession. In his response to the notification, Mr. Lynch denies, on behalf
24 of himself and the Committee, that they committed the violations alleged in the referral. His
25 response includes only general explanations concerning the cash on hand discrepancies and the

1 personal use of committee funds, without addressing any of the specific transactions highlighted
2 in the referral.

3 Based on the available information, the Commission opened a Matter Under Review and
4 found reason to believe that Lynch for Congress and Edward J. Lynch, in his official capacity as
5 treasurer, knowingly and willfully violated 2 U.S.C. § 434(b) by filing inaccurate disclosure
6 reports. The Commission also found reason to believe that Edward J. Lynch knowingly and
7 willfully violated 2 U.S.C. § 439a(b) by converting Committee funds to his own personal use,
8 and Lynch for Congress and Edward J. Lynch, in his official capacity as treasurer, knowingly
9 and willfully violated 2 U.S.C. § 439a(b) by using campaign funds for personal use.

10 **II. FACTUAL AND LEGAL ANALYSIS**

11 **A. Factual Summary**

12
13 The RAD Referral ("Referral") identifies a number of reporting discrepancies dating
14 from March 2008 through April 2010, including misreporting of the Committee's cash on hand
15 balance, inaccurate reporting of loans and disbursements, and the failure to report unitemized
16 disbursements.¹ Specifically, the Referral identifies the following reporting errors:

- 17 • The Committee overstated cash on hand balances in at least two disclosure
18 reports.
19

¹ Included with the Referral were copies of the Committee's bank statements (including cancelled checks) from different bank accounts used by the Committee from February 2008 through February 2010. The statements were provided to RAD by a former employee of the Committee. Based on the bank statements included in the Referral, it appears that the Committee operated out of the three different bank accounts at different times. The Committee had an account in the name of "Edward J. Lynch Campaign Account" from at least February 2008 through October 20, 2008 when the account was closed. The Committee appears to have opened a second account in the name of "Lynch for Congress, Inc." in September 2008 that it closed that same month, and then it opened the third account, in the name of "Lynch for Congress, Inc." on October 1, 2008. The bank statements for the first account cover the time period of February 15, 2008 through March 13, 2008 and July 15, 2008 through September 12, 2008; the statement for the second account covers September 1, 2008 through September 30, 2008; and the statements for the third account cover October 1, 2008 through February 28, 2010. There are no statements currently in the Commission's possession for the time period of March 14, 2008 through July 14, 2008.

- The Committee's 2008 July Quarterly Report, covering the period of April 1 through June 30, 2008, disclosed \$71,734.34 cash on hand when the Committee's July 15, 2008 bank statement showed a balance of \$2,437.36.
- The Committee's 2010 12-Day Pre-Special Primary Report, covering October 1, 2009 through January 13, 2010, disclosed \$84,455.39 cash on hand when the Committee's bank statement showed a balance of only \$3,297 on January 13, 2010.
- The Committee reported two candidate loans (\$29,800 on March 24, 2008 and \$50,000 on April 1, 2008) that may have never been deposited into the campaign's bank accounts.
- A number of Committee disbursements under \$200 dollars each were not reported in the Committee's total unitemized disbursement totals.
- Certain Committee disbursements to vendors were misreported. Those disbursements, which appear to be for the candidate's personal expenses, were reported as payments to the candidate rather than as disbursements to the vendors.

In addition to the reporting errors, the Referral identified disbursements where the candidate may have used the Committee's funds to pay for personal expenses. Specifically, the candidate's potential personal use violations include payments for the candidate's home electric bill, a personal gym membership, the candidate's and his wife's cell phones, a doctor's visit, a gun holster, and purchases at Build-A-Bear Workshop and Neiman Marcus, among others. The Committee's bank statements show that most of these payments were made directly to the vendors using the Committee's bank check card. However, in many instances, the Committee reported the disbursement on its FEC disclosure reports as payable to the candidate even though the payment actually was made to a vendor. The potential personal use expenses include the following:

1

Date	Amount	Payee Listed on Bank Statement	Payee Reported on FEC Report	Purpose Listed in FEC (Form 3) Report
08/08/09	\$443.23	VZW Wireless	VZW Wireless	cell phone - Line 17 (operating expenses)
08/11/09	\$46.80	FL Driver's License	Not Reported	N/A
08/21/09	\$31.29	PF Gyms	Edward Lynch	no purpose - Line 19a (loan repayments)
08/25/09	\$50.00	ER Doctors Urgent Care	Edward Lynch	no purpose - Line 19a (loan repayments)
09/14/09	\$27.99	Fobus Holster	Edward Lynch	no entry
09/17/09	\$83.90	Advance Auto Parts	Not Reported	N/A
09/17/09	\$28.27	Bennett Auto Supply	Not Reported	N/A
09/18/09	\$69.83	Sam Ash Music	Not Reported	N/A
09/28/09	\$21.29	PF Gyms	Edward Lynch	no purpose - Line 19a (loan repayments)
09/30/09	\$444.00	VZW Wireless	VZW Wireless	cell phone - Line 17 (operating expenses)
10/19/09	\$21.29	PF Gyms	Not Reported	N/A
10/29/09	\$449.59	VZW Wireless	VZW Wireless	phones - Line 17 (operating expenses)
11/19/09	\$21.29	PF Gyms	Not Reported	N/A
12/03/09	\$1,718.00	Florida Power & Light	Florida Power & Light	power - Line 17 (operating expenses)
12/04/09	\$73.58	Neiman Marcus	Not Reported	N/A
12/11/09	\$449.06	VZW Wireless	VZW Wireless	no entry
12/21/09	\$21.29	PF Gyms	Not Reported	N/A
12/28/09	\$33.02	Build-A-Bear Workshop	Not Reported	N/A
12/28/09	\$106.39	Brookstone	Not Reported	N/A
12/28/09	\$35.44	Waldenbooks	Not Reported	N/A
12/30/09	\$448.11	VZW Wireless	VZW Wireless	phones- Line 17 (operating expenses)
01/04/10	\$76.67	Best Buy	Not Reported	N/A
01/14/10	\$67.98	Florida Power & Light	Florida Power & Light	electric - Line 17 (operating expenses)
01/20/10	\$21.29	PF Gyms	Not Reported	N/A
02/09/10	\$448.08	VZW Wireless	VZW Wireless	phone - Line 17 (operating expenses)
02/12/10	\$35.44	BMX Radio	Not Reported	N/A
02/18/10	\$229.78	Florida Power & Light	Florida Power & Light	electric - Line 17 (operating expenses)

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02/26/10	\$1,050.00	over counter withdrawal	Edward Lynch	partial loan repayment - Line 19a
TOTAL	\$6,552.90			

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2 In his written response, Mr. Lynch denies that he committed the violations described in
3 the Referral. He disagrees with the information concerning the cash on hand discrepancies,
4 stating that "[w]ith regard to the claim that the amounts do not agree with what was filed and that
5 some intentional misdirection was used is completely false." Response at 1. Specifically, with
6 regard to the allegation that he failed to deposit his loans to the campaign, he asserts that he did
7 deposit two loans in the amounts of \$29,800 and \$50,000 into the campaign's original bank
8 account, which he explains was opened under his Social Security number. *Id.* at 1. He further
9 explains that he decided that the Committee should "pay the loans back to me in as small
10 increments as possible" to avoid having insufficient money for the campaign. *Id.* at 2. He
11 asserts that "[a]ny funds that were paid to repay the loans . . . were ALWAYS labeled
12 appropriately as a loan repayment." [Emphasis in original.] *Id.* at 3. Mr. Lynch appears to
13 attribute the reporting errors "to the fact [that the Committee was] constantly having problems
14 with the filing program" and claims he "was misinformed" regarding some reporting issues. *Id.*
15 at 2.

16 Mr. Lynch also responds that the claim that campaign funds were "used for personal
17 purposes . . . is completely false" and "there was never, ever any intention to hide or use any
18 monies for personal use." Response at 2. However, he does not specifically address any of the
19 apparent personal use disbursements listed in the Referral. He explains that many receipts have
20 been misplaced or lost but that because most items were paid for with a check or a bankcard
21 "every single penny of campaign funds can be accounted for." *Id.* There was no supporting
22 documentation referenced in or attached to his response.

1 As of the date of this report, Mr. Lynch's Committee had open administrative fines cases
2 with the Commission for violations of 2 U.S.C. § 434(a), the failure to file or timely file reports
3 from the 2008 and 2010 election cycles, that remain unpaid. The Committee owes the
4 Commission \$10,932.00 in connection with those matters. Further, RAD recently sent the
5 Committee Notices for Failure to File its 2011 July and April Quarterly Reports and its 2010
6 Year-End Report. RAD also sent the Committee an RFAI, dated April 26, 2011, concerning the
7 failure to file a 2010 30-Day Post-Special General Election Report and discrepancies between
8 the reporting of loan payments on Schedules B and C of the Committee's 2010 July Quarterly
9 Report.

10 **B. Analysis**

11 **1. Reporting**

12 Based on the available information, it appears that the Committee inaccurately reported
13 cash on hand balances, loans, and disbursements in violation of 2 U.S.C. § 434(b). The Act
14 requires committee treasurers to file reports of receipts and disbursements in accordance with the
15 provisions of 2 U.S.C. § 434. See 2 U.S.C. § 434(a)(1) and 11 C.F.R. § 104.1(a). These reports
16 shall include, *inter alia*, the amount of cash on hand at the beginning and end of a reporting
17 period and the total amount of receipts and disbursements. See 2 U.S.C. § 434(b); 11 C.F.R.
18 § 104.3. The Act requires accurate reporting of the total amount of loans made or guaranteed by
19 the candidate and the repayment of those loans. See 2 U.S.C. § 434(b)(2)(G); 11 C.F.R.
20 § 104.3(a)(3)(vii)(B) and (b)(2)(iii)(A). Committees are also required to disclose itemized and
21 unitemized breakdowns of disbursements and to disclose the name and address of each person
22 who has received any disbursement in an aggregate amount or value in excess of \$200 within the
23 calendar year, together with the date and amount of any such disbursement. See 2 U.S.C.

1 § 434(b)(5) and (6); 11 C.F.R. § 104.3 (b).

2 For at least one of the two reports at issue, the Committee's reported cash on hand did not
3 reconcile with the amounts of cash shown to be available in the Committee's bank statements.
4 Specifically, the Committee's 2010 12-Day Pre-Special Primary Report, covering October 1,
5 2009 through January 13, 2010, disclosed \$84,455.39 cash on hand at the end of the reporting
6 period, but the Committee's bank statement shows that the Committee had a balance of only
7 \$3,297 on January 13, 2010. Further, as the RAD Referral notes, the Committee's 2008 July
8 Quarterly Report, covering the period of April 1 through June 30, 2008, disclosed \$71,734.34
9 cash on hand at the end of the reporting period, but the available Committee bank statement
10 showed a balance of only \$2,437.36 on July 15, 2008. Although we do not currently possess a
11 bank statement showing the June 30, 2008 balance, Committee disclosure reports do not show
12 any disbursements between June 30, 2008 and July 15, 2008, suggesting that the \$2,437.36 bank
13 balance of July 15, 2008 was the same on June 30, 2008. Thus, the Committee appears to have
14 misreported its cash on hand, in violation of 2 U.S.C. § 434(b)(1).

15 Some of the cash on hand reporting inaccuracies may have been caused by the
16 Committee misreporting two personal loans that Mr. Lynch purports to have made to the
17 Committee on March 24, 2008 and April 1, 2008. The Committee's disclosure reports show that
18 the Committee received loans from Mr. Lynch in the amounts of \$29,800 on March 24, 2008,
19 and \$50,000 on April 1, 2008. However, a former Committee employee stated that the two loans
20 were never deposited in the Committee's account and that the Committee assets were
21 "artificially inflated." Referral at 2. Mr. Lynch asserts that he deposited the loans into the
22 Committee's account but provided no documentation to support this assertion, and the loans
23 were purportedly deposited during a 4-month time span, from mid-April 2008 to mid-July 2008,

1 for which RAD has no bank statements for the Committee's account. *See supra* at fn 1.
2 Further, the available bank statements, when reviewed in conjunction with the Committee's
3 disclosure reports, do not support Mr. Lynch's assertion that the loans were deposited into the
4 Committee's account. The last available bank statement prior to the dates of the reported loans
5 shows that the Committee had a balance of \$285.62 on March 13, 2008. The next available bank
6 statement begins on July 15, 2008, with an opening balance of \$2,437.36. However, the
7 Committee's disclosure reports do not show the approximately \$75,000 in disbursements that
8 would have been required in order for the Committee to have depleted the account to \$2,437.36
9 by July 15, 2008. Therefore, based on the available information, there is reason to believe that
10 the Committee violated 2 U.S.C. § 434(b)(2)(G) by misreporting the receipt of the loans.

11 In addition, the Committee's reports appear to disclose inaccurate information for various
12 disbursements. Specifically, a number of disbursements in the Committee's disclosure reports
13 list Mr. Lynch as the payee when bank records reveal that those payments were actually made to
14 vendors through the use of the Committee's check card. *See supra* at 4-5. Further, based on the
15 bank statements, it appears that a number of disbursements identified as potential personal use
16 expenses were not reported at all in the disclosure reports. This includes payments for a Florida
17 Driver's License, several payments to PF Gyms, and payments to retailers such as Advance Auto
18 Parts, Bennett Auto Supply, Sam Ash Music, Best Buy, Brookstone, Build-A-Bear and Neiman
19 Marcus. The unreported disbursements did not appear as itemized entries on Schedule B or as
20 unitemized disbursements on the disclosure reports' detailed summary pages. *Id.* By disclosing
21 inaccurate payee information for itemized disbursements and by failing to include accurate totals
22 for unitemized disbursements, the Committee's reports were not in compliance with the
23 requirements of the Act and therefore violated 2 U.S.C. § 434(b)(4), (5) and (6).

1 2. Personal Use

2 The available information also indicates that the candidate converted Committee funds to
3 his personal use. The Act provides that contributions accepted by a candidate may be used by
4 the candidate "for otherwise authorized expenditures in connection with the campaign for
5 Federal office of the candidate . . ." 2 U.S.C. § 439a(a)(1). Such campaign funds, however,
6 shall not be converted to "personal use" by "any person." 2 U.S.C. § 439a(b)(1). "Personal use"
7 is defined as the use of funds in a campaign account of a federal candidate "to fulfill a
8 commitment, obligation or expense of a person that would exist irrespective of the candidate's
9 election campaign or individual's duties as a holder of Federal office." 2 U.S.C. § 439a(b)(2);
10 11 C.F.R. § 113.1(g).

11 The Act and Commission regulations set forth some *per se* examples of personal use,
12 including utility payments, noncampaign-related automobile expenses, and health club dues,
13 among others. See 2 U.S.C. § 439a(b)(2)(A)-(I). See also 11 C.F.R. § 113.1(g); MUR 5895
14 (Meeks for Congress) (finding candidate and committee violated Act by, *inter alia*, paying for
15 personal trainer expenses and vehicle lease expenses with campaign funds). In adopting the
16 personal use regulations, the Commission explained that "[i]f the candidate can reasonably show
17 that the expenses at issue resulted from campaign or officeholder activities, the Commission will
18 not consider the use to be personal use." *Explanation and Justification for Final Rules for*
19 *Personal Use of Campaign Funds*, 60 Fed. Reg. 7862, 7867 (February 9, 1995). However, the
20 *per se* list of expenses "are automatically considered to be personal use" that a committee
21 "cannot pay for." See *FEC Campaign Guide for Congressional Candidates and Committees*,
22 April 2008, at 54.

1 A review of the available bank statements and the Committee's disclosure reports reveals
2 that the candidate used the Committee's bank account for personal expenses totaling at least
3 \$6,552.90. *See supra* at 4-5 (listing possible personal use disbursements). These expenses
4 include *per se* personal use payments for a gym membership and payments to Florida Power &
5 Light for payment of electric service for Mr. Lynch's home.² *See* 2 U.S.C. § 439a(b)(2);
6 11 C.F.R. § 113.1(g)(1)(i)(E) (utility payments for a candidate's home are prohibited even if part
7 of the residence is being used for the campaign). Other apparent personal use expenses include
8 payments for a driver's license, medical expenses, auto parts, retail shops and cell phone bills.
9 *Supra* at 4-5. The bank statements included with the referral also reflect over \$2,500 in gasoline
10 payments and over \$1,000 in purchases for meals at various bars and restaurants, but we do not
11 know at this juncture whether those payments may have been campaign-related.³ 11 C.F.R.
12 § 113.1(g)(1)(ii); *see* Referral at attached letter and bank statements.

13 Mr. Lynch states that he wanted to repay loans he made to his Committee in small
14 increments and that "[e]very single item that had anything to do with me personally was
15 accounted for and went to repay any monies owed to me." Response at 2. However, of the 28
16 disbursements identified as possible personal use, only four listed "loan repayment" as the
17 purpose in reports with the Commission, *supra* at 4-5, two others did not include an entry for the
18 purpose, and 14 other possible personal use disbursements were not reported at all, thus calling
19 into question his assertion that these purported loan repayments had been accounted for.

² The Referral indicates that the Committee made payments to Florida Power & Light for two different accounts, one of which was not the campaign office location. *See* Referral at attached letter dated March 10, 2010. According to a Committee representative, the candidate had a small office in his home, but the campaign office was at a different location. *See id.*

³ Likewise, the bank statements reveal that a number of checks were written out to "Cash" and to Mr. Lynch's wife, but we have no information at this time whether those disbursements were campaign-related or for payment of bona fide services to the campaign. 11 C.F.R. § 113.1(g)(1)(i)(G).

1 Regardless, a majority of the disbursements at issue are specifically included in the list of *per se*
2 personal use set forth in the Act and it would therefore be impermissible for the Committee to
3 pay for them. See 2 U.S.C. § 439a(b)(2)(A)-(I); 11 C.F.R. § 113.1(g).

4 The candidate's unsworn general denials do not sufficiently refute the information set
5 forth in the Referral concerning possible personal use, which, as described above, is
6 substantiated by documentary evidence. Despite having received a copy of the Referral,
7 including all of the attachments, listing specific potential personal use disbursements, the
8 candidate's response did not address any of the specific disbursements or provide any supporting
9 documentation. Therefore, based on the available information it appears that the candidate and
10 the Committee may have converted contributions for personal use. Accordingly, the
11 Commission found reason to believe the Respondent violated 2 U.S.C. § 439a(b).

12 **3. Knowing and Willful**

13 There is reason to believe that the violations in this matter were knowing and willful. See
14 2 U.S.C. § 437g(a)(5)(B). The knowing and willful standard requires knowledge that one is
15 violating the law. The phrase "knowing and willful" indicates that "acts were committed with
16 full knowledge of all the relevant facts and a recognition that the action is prohibited by law . . ."
17 122 Cong. Rec. H3778 (daily ed. May 3, 1976); see also *AFL-CIO v. FEC*, 628 F.2d 97, 98, 101-
18 02 (D.C. Cir.), cert. denied, 449 U.S. 982 (1980) (noting that a "willful" violation includes "such
19 reckless disregard of the consequences as to be equivalent to a knowing, conscious, and
20 deliberate flaunting of the Act," but concluding on the facts before it that this standard was not
21 met) (cited in *National Right to Work Comm. v. FEC*, 716 F.2d 1401, 1403 (D.C. Cir. 1983)).

22 An inference of knowing and willful conduct may be drawn "from the defendant's
23 elaborate scheme for disguising" his or her actions. *United States v. Hopkins*, 916 F.2d 207, 214-

1 15 (5th Cir. 1990). The evidence need not show that the defendant "had specific knowledge of
2 the regulations" or "conclusively demonstrate" a defendant's "state of mind," if there are "facts
3 and circumstances from which the jury reasonably could infer that [the defendant] knew her
4 conduct was unauthorized and illegal." *Id.* at 213 (*quoting United States v. Bordelon*, 871 F.2d
5 491, 494 (5th Cir.), *cert. denied*, 439 U.S. 838 (1989).

6 Although Mr. Lynch denies that he tried to use "intentional misdirection" or tried "to
7 hide or use any monies for personal use," and he claims that all disbursements are "accounted for
8 and went to repay any monies owed to me," the manner in which he misreported his personal use
9 disbursements indicate that he may have committed knowing and willful violations of the Act.
10 As illustrated in the personal use chart, *supra*, the Committee disclosed the incorrect payee for
11 some of the potential personal use disbursements in its reports with the Commission;
12 specifically, the Committee misreported some of the payments for potential personal use items as
13 payments to the candidate when, in fact, the disbursement was to a vendor. In other instances, it
14 did not report the potential personal use transactions at all. For example, the Committee made a
15 \$31.29 disbursement to PF Gyms on August 21, 2009 and a \$21.29 disbursement to the same
16 vendor on September 28, 2009, that it incorrectly reported on disclosure reports as payments to
17 Mr. Lynch. Then, from October 2009 through January 2010, it simply did not report monthly
18 disbursements to PF Gyms at all. This suggests that the Committee or Mr. Lynch sought to
19 disguise or hide these personal use payments. Further, it appears that the former Committee
20 employee who provided RAD with the Committee's bank statements left the campaign as a
21 result of Mr. Lynch's misuse of Committee funds, although we have no information concerning
22 any conversations they may have had regarding these issues. *See* First General Counsel's Report
23 in MUR 5218, pages 11-12 (Russ Francis) (knowing and willful violation of section 439a when

7 Therefore, there is reason to believe that Edward J. Lynch knowingly and willfully
8 violated 2 U.S.C. § 439a(b), and that Lynch for Congress and Edward J. Lynch, in his official
9 capacity as treasurer, knowingly and willfully violated 2 U.S.C. §§ 434(b) and 439a(b).